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C O N F I D E N T I A L SECTION 01 OF 05 SARAJEVO 000070

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FROM AMBASSADOR ENGLISH FOR PDASD JOSEPH MCMILLAN

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SUBJECT: BOSNIA: SCENESETTER FOR PDASD JOSEPH MCMILLAN'S
VISIT TO SARAJEVO JANUARY 28-30

Classified By: Amb. Charles English for reasons 1.4 (b) and (d)

SUMMARY

11. (C/NF) I am delighted you are coming to Sarajevo to chair the second Bilateral Defense Consultations between Bosnia and the United States. Your visit comes as Bosnia's leaders are frustrated over their country's lack of progress towards NATO. Bosnia's Presidency and defense leadership feel that NATO Allies unfairly passed up Bosnia in December when they allowed Montenegro to begin a Membership Action Plan (MAP). At the same time they are aware that Bosnia's reform agenda--including defense reform--is stalled, and Bosnia's defense institutions are facing the greatest challenge since the creation of a unified Defense Ministry and command structure in 2006. Bosnia's leaders and defense establishment fret (reasonably) that, with the current deterioration of the political environment and the prize of MAP seemingly off the table, the progress we made in the U.S.-led defense reform agenda will remain stalled and may backslide seriously. All of Bosnia's ruling parties argue that failing to progress towards NATO will further destabilize Bosnia's deteriorating political situation and make further reforms less likely. End Summary.

Our Near-Term Defense Objectives

12. (C/NF) Bosnia's leaders recognize that many Allies, including the U.S., underscored the need for constitutional reform in order to grant Bosnia's request for MAP. It would be helpful to stress to your interlocutors that the lack of progress on defense issues remains equally an obstacle to Bosnia's ambitions. In your meetings, you may suggest that progress on the following four defense objectives would show that Bosnia is capable of the reforms necessary to meaningfully contribute to the Alliance. I recommend the following:

-- Urge Bosnia's Presidency to approve a decision to destroy Bosnia's thousands of tons of excess conventional weapons, ammunition and explosives which are dangerous, burdensome to guard, and which Bosnia has no national interest in placing on international markets.

-- Stress to Bosnia's Defense Minister and Presidency the need to find a solution to immovable defense property which

will release the Armed Forces of the duty of guarding unneeded properties and give the State of BiH legal title to those military properties it does need.

-- Encourage the Presidency's plans to deploy a multi-ethnic contingent to peace-keeping operations in Afghanistan.

-- Congratulate Bosnia's defense establishment on undertaking the ongoing Strategic Defense Review in a professional manner, and encourage them to propose further ethnic integration of the Armed Forces as part of the next stage of reforms.

Bosnia's MAP Disappointment

13. (C/NF) Since beginning Intensified Dialogue (ID) and Individual Partnership Action Plan (IPAP) processes in fall 2008, Bosnia has made little progress on its substantive reform objectives. Bosnia's last IPAP assessment, approved by the North Atlantic Council in March 2009, summarized: "The main finding of this assessment is that work on reform objectives is seriously hindered by Bosnian politics and political change will be essential to BiH's success in IPAP."

In our view that and many of the other criticisms in the assessment remain true today. In response to the fact that Bosnia's fractious politics were impeding progress towards EU and NATO integration, the European Union and the United States initiated in October an intense diplomatic effort to resolve impasses on several key reforms and modest constitutional changes to make the state more functional and

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put Bosnia back on the path to Euro-Atlantic integration (sometimes called the "Butmir" package). We told Bosnia's leaders that reaching agreement on substantive reforms like those suggested in the U.S.-EU initiative would encourage NATO allies to support Bosnia in its ambitions for MAP, as well as help Bosnia make progress towards EU integration.

14. (C/NF) As it became clear that those talks would achieve no success by the December NATO Ministerial, Bosnia's leaders vociferously argued--including to ASD Vershbow during his November visit--that the Butmir process unfairly linked Bosnia's MAP application to constitutional changes. We have stressed to Bosnia's leaders that it was the other way around: Butmir was a response to Bosnia's inability to address blockages in its reform agenda. Nevertheless, you may expect your interlocutors to accuse the EU-U.S. initiative of derailing their MAP application. It would be helpful to remind Bosnia's defense leadership of the findings in Bosnia's last IPAP assessment, point out that progress towards NATO is merit based, and that without reform, those obstacles identified in the last IPAP assessment are likely to be identified in subsequent assessments.

Consensus on NATO Threatened

15. (C/NF) In the wake of the negative decision about Bosnia's MAP application, RS PM Milorad Dodik suggested that Bosnia's NATO future should be subject to a referendum in the RS. It remains to be seen if Dodik is serious about this challenge to the ostensible unanimity of ruling parties on Bosnia's NATO future, but it is clear that any entity-level referendum on NATO would in fact become a (dangerous) proxy referendum on the Bosnian state. Almost all Bosnian politicians say that NATO membership is necessary for their country's long-term peace and prosperity, but the ostensible consensus on Bosnia's NATO future has always been more in word than in deed, and Bosnian Serbs have always been less committed than others. RS politicians continue to argue for reduced military budgets, talk openly about the "demilitarization" of Bosnia, obstruct progress toward dealing with Bosnia's thousands of tons of excess weapons and ammunition, and have recently walked back their position -- "a token of goodwill"

-- that defense property would be owned by the State.

Armed Forces Face New Challenges

¶6. (C/NF) In addition to the stalled defense reform agenda and a dour mood over the MAP decision, Bosnia's Armed Forces are currently facing the greatest challenge since their creation. The MOD is in the process of terminating the contracts of 2,700 soldiers--nearly half the infantry--who will have reached a legal age limit of 35 for enlisted soldiers. Disgruntled soldiers who faced termination met in January to discuss possible public demonstrations, seemingly with the acquiescence of some commanding officers, even though it is illegal for active servicemen to protest in Bosnia. Bosnia's Defense Ministry viewed the protests as a serious threat to the discipline and command of the Armed Forces, and took resolute action to halt it. Nevertheless, the political fallout of the protest could linger. According to MOD sources, a new (Bosniak) political party, Fahrudin Radoncic's Party for a Better Future (SBB), instigated the protests to discredit the ruling Bosniak Party for Democratic Action (SDA), to which Defense Minister Cikotic belongs. An advisor to Cikotic told us that he had credible information that the Bosnian-Serb leaders planned to seize the opportunity to urge that Bosnian-Serb soldiers withdraw from the Armed Forces until the crisis is resolved. The MOD has begun an investigation into the organization of the protests, but we cannot rule out further political maneuvering as the dismissals continue.

¶7. (C/NF) The termination of the soldiers will cause practical problems, too. Nearly half of Bosnia's Armed Forces are currently dedicated to guarding Bosnia's surplus military property: the dismissals will exacerbate Bosnia's already poor ability to train troops and modernize. Recently

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Commander of the Fourth Brigade in Capljina, General Ivica Jerkic, told us that of his 800 soldiers, he currently has 400 devoted full-time to standing guard and he stands to lose 360 due to the age limit. The Ministry is looking for ways to keep some of the soldiers, by promotion or transfer to the civil service, but the Armed Forces nevertheless stands to lose a substantial number of its servicemen by April, and has limited capacity to train new recruits to take their place.

Political Climate Hinders Defense Reform

¶8. (C/NF) The lack of progress on the U.S.-EU initiative illustrated how far apart the parties are on reaching substantive agreements that would make a more functional state or even resolve outstanding issue like state and defense property. In the meantime, RS Prime Minister Milorad Dodik is ever more boldly challenging the international community and Bosnia's state institutions by laying the groundwork to hold entity-level referenda in the RS on decisions of the High Representative. With elections approaching in October 2010 and the clout of the Office of the High Representative (OHR) rapidly waning, political leaders from each ethnic group are ratcheting up nationalist rhetoric and their maximalist demands. In this charged political environment there is little scope for politicians to reach bold agreements on substantive issues that would advance Bosnia's Euro-Atlantic aspirations. Bosnia's leaders may tell you that the apparent conditioning of MAP on constitutional reforms derailed the process, but in fact reforms have been stalled for over a year. Any progress on defense reform will require focusing on the necessity of reform now and the fact that Bosnia risks getting left behind its neighbors. Referencing Bosnia's IPAP and PARP assessments, you may clearly tell your interlocutors that progress on defense reform is a necessary, though not sufficient, condition for gaining U.S. support for Bosnia's MAP bid.

Surplus Arms and Ammo Are Dangerous, Costly

¶9. (C/NF) Final resolution of defense property issues has been the "next step" in the first phase of defense reform since the creation of Bosnia's Armed Forces in 2006. Bosnia's 100,000 excess weapons and thousands of tons of dangerous excess ammunition and explosives remain scattered around Bosnia in the same caches where they were stored by the entity armies during the 1992-1995 war, and the Armed Forces remain unable to consolidate them. Besides being burdensome for the Armed Forces, this presents the obvious threat of theft or self-ignition. Bosnia's Presidency approved only 3,700 tons (ten percent) of Bosnia's unstable excess ammunition for destruction, and no weapons. The Ministry has made no progress in its putative attempt to sell the remainder of the surplus, a process for which the Ministry has no capacity and that will take years to complete according to Bosnian tender law. Military staff and officials from the RS have brought destruction to a virtual standstill by insisting that destruction take place only at Doboj, where disputes over whether the State or Entity have the right to sell the scrap residue have reduced destruction to a fraction of Doboj's capacity. UNDP, EUFOR, NATO HQ and OSCE, all of whom have weapons experts on the ground in Sarajevo, have repeatedly written joint letters to Bosnia's Presidency that there is no responsible option other than destroying the thousands of tons of excess. In your meetings, you should urge the Minister of Defense to send the Presidency a decision to destroy the majority of Bosnia's excess weapons and ammunition. You may add the U.S. has programs to assist them in destroying excess ammunition and weapons once they make the decision to do so.

Real Property Issues Burden Armed Forces

¶11. (C/NF) The military also lacks unquestioned title and exclusive use of those properties it needs: many currently are shared with entity governments or have outside users,

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such as radio stations and non-governmental organizations. Just as importantly, the armed forces lacks the right to get rid of those sites it does not need. Four years after unifying the army, the failure to resolve defense property is one reason that Bosnia's armed forces do not look or act like a real army. The Armed Forces dedicate half of their infantry (not counting the recent dismissals) to guard duty. For those who stand guard, army life has changed little for Bosnia's infantry despite the unification of the entity militaries. A former RS infantry soldier, for example, lives and works in the RS and reports to a Bosnian-Serb battalion commander. The soldier guards the excess WAE and the building in which the WAE is stored, over which RS officials continue to assert their control. This weakens the perceived -- if not actual -- stability of Bosnia's unified command structure and raises questions about where its loyalties might lie in the event of a crisis.

ISAF Deployment also Victim of Political Wrangling

¶12. (C/NF) All three of Bosnia's Presidents support a deployment to Afghanistan. But the deteriorating political climate has also hurt Bosnia's ability to agree on peace-keeping operations. Bosnia has had offers to deploy to ISAF with Germany, Denmark and Turkey since July 2009, but the Minister has been unable to get a proposal through the Presidency due to nationalist wrangling. Serb politicians have said publicly, and privately to us, that they will not approve a deployment only with the Turkish contingent. The Minister does not favor deployment with Germany or Denmark because he considers these more dangerous, and advisors to Bosniak Presidency member Haris Silajdzic have told us that

the President may respond to Serb objections by blocking any deployment plan that does not include deploying with the Turkish contingent. We believe that Bosnia's Presidency and Defense Ministry want to say yes to something and eventually will, but the nationalist wrangling over which ally to go with illustrates the difficulties Bosnia will face in proving itself a credible candidate for NATO membership.

Strategic Defense Review

¶13. (C/NF) The next challenge facing the Ministry of Defense is their ongoing Strategic Defense Review (SDR), due to be completed in spring. While matching Bosnia's force structure with its defense needs and resources is critical to modernize the Armed Forces, any changes to the nationalist and regional compromises that created the current force structure will prove politically difficult and expose the vast differences between political parties over the future of Bosnia's military. Ideally, the SDR would call for the downsizing, territorial consolidation, and further ethnic integration of the Armed Forces along with an increased defense budget. Bosnia's military remains ethnically segregated at the Battalion level, even though by law any overseas deployments must be mixed. This means any deploying company will comprise soldiers from different battalions who have not otherwise trained together. Segregated brigades also reinforce the perception of separate chains of command along ethnic lines within the Armed Forces. Serb parties are likely to reject any recommendation to increase defense spending, arguing that the Armed Forces need to be downsized (and ultimately, according to their rhetoric, eliminated). Bosniak parties will likely reject recommendations to reduce the size of the Armed Forces, for fear that this will add momentum to Serb efforts to eliminate a state institution. Bosniaks should support greater ethnic integration of the Armed Forces, although Croat and Serbs within the Ministry leadership have expressed concern over greater integration. Perhaps a reasonable compromise in the future will be a smaller, but more integrated military, although that is difficult to forecast at this stage of the SDR talks. You may encourage them to conduct the SDR professionally, with the help of international advisors, and remind them that reform in this area will be critical to Bosnia's ability to contribute to the Alliance.

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The Importance of NATO HQ

¶14. (C/NF) The cooperative action of the United States and NATO HQ Sarajevo has been critical to the success of Bosnia's defense reform so far, and is equally critical to the future of our defense reform agenda, including defense property issues and strategic defense review. If we want Bosnia to progress towards eventual NATO membership, NATO HQ must continue to provide hands-on support to the NATO accession process. We continue to support maintaining the presence of NATO HQ in Sarajevo, and under U.S. leadership. NATO's role in ending the war, and NATO HQ's success in forging a unified armed forces in Bosnia give it a credibility that EUFOR and European leadership in general lack in Bosnia. The EU is associated with their record during the 1992-1995 war, UNPROFOR, the failure of police reform, and the fact that EUFOR had openly been pulling up stakes as the political situation in Bosnia deteriorates, a trend that seems to have been put on hold until October's elections. Bosnians remember that it was NATO under U.S. command, and vigorous bilateral U.S. diplomacy, that ended the war in 1995. Post strongly advocated the reestablishment of U.S. leadership at NATO HQ in order to maintain our ability to leverage NATO's influence in Bosnia and reduce the growing perception that the international community, including the United States, is heading for the back door. It is critical to maintain U.S. command once the current Commander, BG John Bullard, leaves

mid-year: a U.S. general/flag officer needs to be indentified right away to replace Bullard upon his departure. Finishing defense reform is the key to locking Bosnia on its Euro-Atlantic path, and American leadership, within NATO HQ's mandate, of defense reform is crucial. It is also in our overall interest to scotch any perception that the U.S. is reducing its military commitment to supporting the development of a strong and unified Bosnian military.

Comment

¶15. (C/NF) Membership in the EU and NATO remain two (ostensibly) unifying goals of an otherwise divided Bosnia and are the cornerstone of our strategy for ensuring that Bosnia's still-deep ethnic divides do not become a source of political instability or conflict in the region. Defense reform remains the most successful example of state-building since Dayton, and its success was largely attributable to U.S. leadership in cooperation with NATO HQ Sarajevo. We now face a loss of momentum in the defense reform agenda just as Bosnia's neighbors are making institutional progress towards NATO. Our efforts to maintain the delicate balance of keeping Bosnia enthusiastic about its NATO prospects but realistic about the fact that Euro-Atlantic integration requires real reform will grow increasingly difficult in the near-term. Without a reinvigorated defense reform process, the coming threats to the Armed Forces by the loss of half its infantry, etting left behind on the path to NATO, and increased politicization of defense reform objectives culd challenge the progress made to date buildingstate-level military institutions.

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